



PSC NEWS

Missouri Public Service Commission

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PSC ORDERS EMERGENCY AMENDMENT TO THE COLD WEATHER RULE

Jefferson City (November 8, 2001)---In an effort to assist those customers who have been disconnected from their natural gas service due to non-payment or who face disconnection for non-payment, the Missouri Public Service Commission has approved an emergency amendment to its Cold Weather Rule. **This emergency amendment will take effect on November 18, 2001. It will continue until the Cold Weather Rule period ends on March 31, 2002. The emergency amendment applies to all natural gas companies regulated by the PSC that provide heat-related service.**

“The Missouri Public Service Commission finds that there is an immediate danger to the public health, safety, and welfare and a compelling governmental interest because thousands of Missourians face immediate and irreparable harm from the impending winter weather without a source of heat. This immediate danger requires emergency action,” the Commission stated.

“There is no question that an emergency amendment to the Cold Weather Rule is needed given the extraordinary circumstances of last winter,” stated PSC Commissioner Sheila Lumpe.

“As a result of natural gas prices and the extremely cold weather, especially last November and December, we have seen higher customer balances as well as customers who have had service disconnected due to their inability to pay last winter’s unusually high gas bills. This emergency amendment is designed to provide more lenient payment terms to those customers with limited incomes while also helping to restore gas service to their homes,” stated Lumpe.

The emergency rule modifies the existing provisions of the rule to:

- provide more lenient payment terms for reconnection and maintaining of gas utility service to residential customers;
- prohibit assessing or billing of deposits;

- prohibit the assessment of late payment charges on deferred amounts;
- prohibit interest charges on account balances for the deferral period;
- require application of a customers existing deposits and accrued interest to avoid discontinuance of service or reduce the amount needed to avoid discontinuance of service; and
- allow gas utilities to collect expenses associated with the emergency amendment.

Due to the unexpected death of his wife Tuesday evening, Chairman Kelvin Simmons was unable to attend the agenda session in which the Commission approved the emergency amendment. Chairman Simmons has been spearheading efforts for this emergency change to the Cold Weather Rule. He fully supports the Commission's decision today to provide relief for those that experienced financial hardship due to last winter's unprecedented natural gas prices and cold weather.

The Commission noted in its order finding that a rule is necessary: "There is an unusually high number of residential customers who are currently without natural gas service. There are at least 29,000 Missouri residential households without gas service, and perhaps as many as 40,000 to 50,000. The cause of so many customers being without gas service is the combination of extremely high gas prices in combination with extremely cold weather in November and December of 2000. This combination was an extraordinary event. As a result, not only are an extraordinary number of households without gas service or in danger of losing service, but the average amount of arrearage is also extraordinarily high. As of August 2001, there was a 37 percent increase in the number of disconnects for Missouri LDCs as a group, and the amount owed increased by 117 percent."

At a hearing before the Commission on October 31, 2001, local natural gas distribution companies, the PSC Staff and the Office of the Public Counsel all agreed that special measures need to be taken for this winter noting that customers are carrying significantly higher balances than in the past and more customers are disconnected.

The **Cold Weather Rule**, designed to help customers with heat-related utility bills, is in effect from November 1st through March 31st and has been a part of the Commission's rules and regulations since 1977. Since its inception, the rule has helped nearly two million needy customers maintain heat-related service during the winter. Since 1977, the rule has undergone

several revisions. In 1993, the Commission added a temperature provision to the rule. Now, the Cold Weather Rule prohibits the disconnection of heat-related service when temperatures are predicted to fall below 30 degrees. A utility company cannot shut off service on a day when the National Weather Service has issued a local forecast between 6:00 a.m. and 9:00 a.m., for the following 24 hours, predicting the temperature will drop below 30 degrees.

The Cold Weather Rule allows customers to maintain service under certain payment terms, ensures customers are given adequate notification of a proposed discontinuance, encourages customers who can't pay their utility bills to seek financial assistance through available sources and provides special provisions for the state's elderly and handicapped.

The Cold Weather Rule contains provisions for those customers who can't pay their utility bill in full at one time but want to maintain existing service. Under the rule that customer must: (1) contact the utility company and express an inability to pay the bill in full; (2) apply for energy assistance; (3) provide income information if requested; (4) make a minimum payment; and (5) enter into a payment agreement.